

CHAPTER EIGHT

PROPERTY MANAGEMENT REQUIREMENTS MONITORING AND COMPLIANCE REVIEW

General Instructions to Monitoring Staff:

This review should be conducted “on-site” at the local program office through review of grantee policies and procedures, review of general files, inspection of case files selected at random by the Reviewer, and finally, through interviews of key staff. The issues and concerns identified in this on-site review of the grantee’s property management policies and procedures should be noted on the Property Management Requirements -- Summary Page for Monitoring and Compliance Review found at the end of this chapter.

A. GENERAL INFORMATION

Date(s) of On-Site Review : _____

Grantee/Project Name: _____ Program Year: _____
Grant #: _____ Grant Term: _____

Local Staff Interviewed:

Name: _____ Title: _____ Location: _____ Date of Interview: _____ Telephone #/e-mail: _____

B. ISSUES FROM GENERAL PROJECT INFORMATION SUMMARY: *Note: Please refer to Section D of the General Project Information Summary (Chapter One). Any Property Management issues that emerged from the completion of the in-house review reflected in Chapter One should be noted below and addressed through interviews with the local project staff and/or on-site file reviews. The specified issues can be addressed at the beginning of the monitoring visit, or at whatever point in the monitoring visit the Reviewer feels is appropriate.*

Issues for On-Site Follow-Up	Related Questions/Citations	Grantee Response and/or Resolution
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Additional Instructions to Monitoring Staff:

PROPERTY MANAGEMENT

There must be an accounting for property acquired with CDBG monies in accordance with the provisions of 24 CFR 85.31- 85.34 for governmental entities (or 24 CFR 84.32-84.37 for their nonprofit subrecipients), 24 CFR 570.505 and Maryland CDBG Program requirements. The requirements vary somewhat depending on the nature and value of the property. There are two broad classifications of property that may be acquired with CDBG monies. These classifications are as follows:

- Real Property – land, including land improvements, structures and appurtenances; and,
- Personal Property – includes all property not classified as real property, such as desks, typewriters, computers, tools or intangible items. “Intangible items” include patents, inventions, and copyrights.

For the purpose of the Federal regulations at 24 CFR 85, **personal property** is further classified according to whether or not it is non-expendable, having a useful life of more than one year and an acquisition cost of \$5,000 or more. In the regulations at 24 CFR 570.505, a distinction is made in whether the **real property** has been acquired or improved in whole or in part using CDBG funds in excess of \$25,000 or not.

Title to property acquired in whole or in part with CDBG funds shall vest with the grantee as long as it is used for its authorized CDBG-eligible purpose. If property is no longer needed for the authorized CDBG purpose, the grantee must request permission from the Maryland CDBG Program to use the property, or the net proceeds of the sale of such property (that becomes program income), for other eligible community development purposes, or to make reimbursement to the State of Maryland.

DHCD’s monitoring efforts should focus on whether the grantee is maintaining effective control over all property acquired in whole or in part with Maryland CDBG funds. Furthermore, the Reviewer must assess whether the property is used for authorized CDBG purposes and is safeguarded adequately. For example, non-expendable property such as desks, copiers or computers should be reasonably protected from theft.

IN-HOUSE REVIEW

Prior to going on-site, the Reviewer should examine the application, Grant Agreement, and progress reports to determine whether the grantee was authorized to lease, purchase or improve property with its CDBG funds, and whether the grantee has taken any such actions.

ON-SITE REVIEW

At a minimum, the property management review shall include an analysis of the grantee’s property management control system to ensure it contains current information on the following:

- Description of the property
 - Property identifier (manufacturer’s serial number, product identification number, stock number, etc.)
 - Funding source(s)
 - Designation of title
 - Acquisition date
- (Continued on next page)

(Continued from previous page)

- Cost of acquisition
- Quantity acquired
- Percentage of Maryland CDBG Program financial participation in the purchase (where matching funds were used)
- Location, use and condition of the property and the date on which this determination was made
- Disposition date (date of disposition, sales price and basis for determining fair market value, use of disposition proceeds)

Monitoring activities during the on-site review will typically include the following:

- ◆ From a review of financial and procurement records, the Reviewer will identify property acquired with CDBG funds.
- ◆ The Reviewer will ask the grantee to describe how Maryland CDBG property assets are inventoried and controlled.
- ◆ The Reviewer will compare real and personal property listed on the grantee's property management records to items identified during the Financial Management and Procurement monitoring and compliance reviews.
- ◆ The Reviewer will spot check the grantee's offices and field sites to determine if the property inspected corresponds with the information contained in the grantee's records regarding description, location and condition.

Note that the Property Management Review will be informed by the results of the Financial Management, Acquisition, and Procurement reviews. (See Chapter Four – Financial Management, Chapter Five – Procurement and Bonding, and Chapter Six – Acquisition.)

All issues identified during the on-site review of the grantee's property management policies and procedures should be listed on the Property Management Requirements – Summary Page for Monitoring and Compliance Review found at the end of this chapter of the Handbook.

C. PROPERTY MANAGEMENT REQUIREMENTS

PROPERTY MANAGEMENT CHECKLIST	Documentation Indicates General Program Practice Consistent with Applicable Rules & Regulations?	Comments and Description of Documentation or Issues:
REAL PROPERTY, EQUIPMENT, AND SUPPLIES		
<p><i>General Citations: 24 CFR 85.31, 85.32, and 85.33, 24 CFR 570.505: Require that property acquired with grant funds be used for its originally authorized purposes and that grantee maintain property records including property description, serial or other identification number, source of property, who holds title, acquisition date, cost of property, location, etc.</i></p> <p>1. Tracking system: Does the grantee maintain a system for tracking property and other assets bought or leased with grant funds?</p> <p><i>See also 24 CFR 85.20(a) and (b)(2) relative to requirements for fiscal controls and accounting records.</i></p>	<p>Yes No</p>	
<p>2. Property Records: Does the grantee maintain records for CDBG-funded equipment that provide the following:</p> <p>2.1 Description of property and property identifier?</p> <p>2.2 Funding sources and percentage of CDBG participation in purchase, lease, or improvement?</p> <p>2.3 Designation of title?</p> <p>2.4 Acquisition date and cost?</p> <p>2.5 Quantity acquired?</p> <p>2.6 Location, use and condition?</p> <p>2.7 Disposition date (if applicable)?</p> <p><i>See 24 CFR 85.32(d)(1)</i></p>	<p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p> <p>Yes No</p>	

PROPERTY MANAGEMENT CHECKLIST	Documentation Indicates General Program Practice Consistent with Applicable Rules & Regulations?	Comments and Description of Documentation or Issues:
<p>3. Periodic Inventory: Does the grantee conduct a periodic (at least once every two years) physical inventory or inspection of equipment bought or leased with grant funds?</p> <p>See 24 CFR 85.32(d)(2)</p>	<p>Yes No</p>	
<p>4. Safeguarding Property: Does the grantee have control procedures in place to keep its property safe (i.e., locks, engraving portable equipment, and/or storage of such equipment in locations that are reasonably secure)?</p> <p>Does the grantee consistently investigate any instances of loss, damage or theft of such property?</p> <p>See 24 CFR 85.32(d)(3)</p>	<p>Yes No</p> <p>Yes No</p>	
<p>5. Maintenance of Property: Does the grantee have adequate maintenance procedures in place to keep the property in good condition?</p> <p>See 24 CFR 85.32(d)(4)</p>	<p>Yes No</p>	
<p>6. Authorized Use Only: Does the grantee have a system for ensuring that real property or equipment acquired or improved with grant funds is used solely for authorized purposes?</p> <p>See 24 CFR 85.31(b) for real property, and 24 CFR 85.32(c) for equipment</p>	<p>Yes No</p>	
<p>7. Equipment-Related Fee for Services: If the grantee provides services for a fee using CDBG-acquired equipment, is the grantee in compliance with the rule prohibiting unfair competition with private companies that provide equivalent services?</p> <p>See 24 CFR 85.32(b)(3)</p>	<p>Yes No</p>	

PROPERTY MANAGEMENT CHECKLIST	Documentation Indicates General Program Practice Consistent with Applicable Rules & Regulations?	Comments and Description of Documentation or Issues:
<p>8. Change of Use: If the grantee changed the use of property, did it follow the proper procedures in initiating such changes and receive the prior approval of DHCD?</p> <p>See 24 CFR 85.30, 24 CFR 85.32(c)(1) and (2), and 24 CFR 570.505</p>	<p>Yes No</p>	
<p>9. Documentation for Expendable Items: For expendable personal property, are there adequate records to support the receipt of goods, issuance of goods and the balance of items on hand?</p> <p>See 24 CFR 85.33(b)</p>	<p>Yes No</p>	
<p>10. Property Disposition: If the grantee disposed of real property or personal property acquired or improved with CDBG funds, did the grantee follow proper notification and disposition procedures (including, when appropriate reimbursing the Maryland CDBG program)?</p> <p>See 24 CFR 570.505 for real property acquired or improved with CDBG funds exceeding \$25,000, 24 CFR 85.31(c) for other real property, 24 CFR 85.32(e) for equipment, and 24 CFR 85.33(b) for supplies</p>	<p>Yes No</p>	

PROPERTY MANAGEMENT REQUIREMENTS
SUMMARY PAGE FOR MONITORING AND COMPLIANCE REVIEW

Instructions to Monitoring Staff:

In the space below, please note any issues arising from the review. For any property management concerns or findings identified during the review, provide amplification as necessary, and specify corrective actions the grantee must take to resolve the issue(s). Also describe the nature of any technical assistance provided during the review. List any follow-up action for the DHCD staff and/or the grantee, and the dates by which such actions must be taken.

Issues/Concerns/Findings (and Relevant Citations):

Necessary Action Steps and/or Resolution (and Deadlines):

Based on the evidence reviewed, has the grantee complied with appropriate property management requirements? Yes No

Maryland DHCD Staff Conducting Review: _____

Date Review Completed: _____